



# Bureau of HIV and STD Prevention

HIV/STD Clinical Resources Division  
HIV/STD Epidemiology Division  
HIV/STD Health Resources Division

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## CONSULTANT SERVICES AND CONSULTING FEES PAID BY A CONTRACTOR THROUGH DIRECT COSTS

### PURPOSE

This policy outlines the use of contract funds by a provider organization, which contracts with the Texas Department of Health (TDH), Bureau of HIV and STD Prevention (Bureau), to pay for the services of a consultant using direct costs. The policy clarifies what types of consultant services a provider may purchase, how the provider obtains consultant services, and the requirements for securing consultant services.

### BACKGROUND

To fulfill its mission of preventing, treating and/or controlling the spread of HIV, STD and other communicable diseases, the Bureau, through a Request for Proposal (RFP) procures services from multiple providers. Some providers may wish to respond to proposals or applications from other sources or may need consultative assistance to refine management practices and/or successfully carry out program objectives. The Bureau is responsible for approving consulting services a provider may purchase from direct costs and how the purchase is handled.

### AUTHORITY

Office of Management and Budget (OMB) Circular A-87, Attachment B, (C.)(5., 7., 8); Texas Health and Safety Code, §85.014, (b)(2); *TDH Contracting Guide for Client Services*; U.S. Public Health Service, Health Resources and Services Administration, Division of HIV Services, Issue Paper: Administrative Costs, p.6, Consortia Support (Title II) issued 01/31/97.

### CONSULTANT FEES AND SERVICES BILLED AS A DIRECT COST TO THE TDH CONTRACT

#### The costs for consultant fees and services listed below are allowed

- The charges for hiring consultants to prepare applications for other funding sources if:
  - a. the proposed activities are consistent with the TDH contract scope of work. For example, HIV prevention funds may be used to seek non-TDH grants for HIV prevention but not other HIV related services.
- Any management studies to improve management effectiveness and efficiency for ongoing programs.

- The costs of professional and consultant services necessary to successfully carry out the program objectives and/or the administrative responsibilities of the provider. These services may include activities such as program evaluation, analysis and improvement of work systems or management systems, installation and training on accounting software, and similar activities.

The following costs for consultant fees and services are not allowed:

- **Consultant costs related to providing technical assistance when the technical assistance needs can be met by available TDH staff.**
- Costs for legal, accounting and consulting services and related costs incurred in connection with defense of an antitrust suit or prosecution of claims against the state or federal government, and
- Costs of consulting services and related costs incurred in connection with patent infringement litigation.

#### PROVIDER REQUIREMENTS IN OBTAINING THE SERVICES OF A CONSULTANT

- **Obtain written authorization from the Bureau before beginning solicitation for any consultant fees or services. The Bureau will not allow costs to purchase consultant services without prior approval.** The request to the Bureau must include the following:
  1. a description of the service to be provided by a consultant and the relationship of the service to the TDH contract;
  2. justification for the use of a consultant to provide the service;
  3. estimated cost;
  4. estimated time line for receiving the consultant services, and
  5. a plan to evaluate the services received.
- Give preference to a private consultant whose principal place of business is in the state, or who will manage the consulting contract wholly from an office in the state, if all other considerations are equal.
- All subcontracts are subject to the provisions of the primary contract with the Bureau.

#### SUGGESTED METHODS OF OBTAINING THE SERVICES OF A CONSULTANT FROM DIRECT COSTS

Procurement may be accomplished by any one of the following:

1. obtaining price or rate quotations from a number of qualified sources, or
2. publicly soliciting sealed bids using lump sum or unit prices, or
3. asking for competitive proposals, or
4. using a noncompetitive proposal involving proposal solicitation from only one source if

- a. the service is available only from one source, or
- b. public emergency will not permit the delay resulting from competitive bids, or
- c. competition is determined inadequate after solicitation of a number of sources.

#### QUESTIONS ABOUT COST ACCOUNTING FOR CONSULTANT CONTRACTS

Refer all questions on accounting for the costs of applicable consulting services to the Bureau's Field Operations Branch, or Grants and Contracts Branch, when getting approval to contract for the services.

#### DATE OF LAST REVIEW:

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